

Senate File 483 - Introduced

SENATE FILE 483

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 143)

A BILL FOR

1 An Act relating to an electric or natural gas vehicle facility
2 tax credit and including effective date and retroactive
3 applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2015, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 51. *a.* A taxpayer taking a depreciation
4 allowance under section 168 of the Internal Revenue Code for
5 property described in section 422.11G is not allowed to take
6 the allowance for purposes of this division to the extent that
7 a tax credit is taken for the purchase and installation of
8 the property under section 422.11G. If a credit is taken for
9 the purchase and installation of the property under section
10 422.11G, the taxpayer shall add the amount of the allowance
11 taken on such property to the extent of the amount of the
12 credit.

13 *b.* A taxpayer taking an expensing allowance under section
14 179 of the Internal Revenue Code for property described in
15 section 422.11G is not allowed to take the allowance for
16 purposes of this division to the extent that a tax credit
17 is taken for the purchase and installation of such property
18 under section 422.11G. If a credit is taken for the purchase
19 and installation of the property under section 422.11G, the
20 taxpayer shall add the amount of the allowance taken on such
21 property to the extent of the amount of the credit.

22 *c.* This subsection is repealed on January 1, 2023.

23 Sec. 2. NEW SECTION. 422.11G **Electric or natural gas**
24 **vehicle facility tax credit.**

25 1. As used in this section, "*motor vehicle*" means the same
26 as defined in section 322.2.

27 2. The taxes imposed under this division, less the credits
28 allowed under section 422.12, shall be reduced by an electric
29 or natural gas vehicle facility tax credit. In order to be
30 eligible to claim the tax credit, the taxpayer must comply with
31 this section and rules adopted by the director pursuant to
32 chapter 17A necessary to administer and enforce this section.

33 3. *a.* The taxpayer claiming the tax credit on an
34 agricultural basis as provided in subsection 9 must purchase
35 and install any of the following:

1 (1) An electric vehicle facility that serves a motor vehicle
2 designed by a manufacturer to operate using electricity.

3 (2) A natural gas vehicle facility that serves a motor
4 vehicle that is any of the following:

5 (a) Designed by the manufacturer to operate using
6 compressed natural gas.

7 (b) Converted as an aftermarket alternative fuel vehicle
8 to operate using compressed natural gas if the conversion
9 equipment is certified by the United States environmental
10 protection agency, including as provided in 40 C.F.R. pt. 85.

11 b. The taxpayer claiming the tax credit on a commercial
12 basis as provided in subsection 9 must purchase and install any
13 of the following:

14 (1) An electric vehicle facility that serves a motor vehicle
15 designed by a manufacturer to operate using electricity.

16 (2) A natural gas vehicle facility that serves a motor
17 vehicle that is any of the following:

18 (a) Designed by the manufacturer to operate using
19 compressed natural gas.

20 (b) Converted as an aftermarket alternative fuel vehicle
21 to operate using compressed natural gas if the conversion
22 equipment is certified by the United States environmental
23 protection agency, including as provided in 40 C.F.R. pt. 85.

24 c. The taxpayer claiming the tax credit on a residential
25 basis as provided in subsection 9 must purchase and install an
26 electric vehicle facility that serves a motor vehicle designed
27 by a manufacturer to operate using electricity.

28 4. a. After verifying the eligibility for an electric or
29 natural gas vehicle facility tax credit as provided in this
30 section, the department of revenue shall issue the taxpayer an
31 electric or natural gas vehicle facility tax credit certificate
32 which must be attached to the taxpayer's tax return. An
33 electric or natural gas vehicle facility tax credit certificate
34 shall include all of the following:

35 (1) The taxpayer's name, address, tax identification

1 number, and any other information required by the department
2 of revenue.

3 (2) A description of the infrastructure, equipment, or
4 machinery being purchased and installed which is eligible for
5 the tax credit to be claimed on the taxpayer's tax return.

6 (3) The amount of the tax credit being claimed.

7 (4) The date that the electric or natural gas vehicle
8 facility was placed in service.

9 b. The director shall adopt rules establishing criteria
10 for the receipt of applications for electric or natural gas
11 vehicle facility tax credit certificates and the issuance of
12 those certificates. A tax credit certificate shall be issued
13 in the taxpayer's name and shall expire on or after the last
14 day of the taxable year for which the taxpayer is claiming the
15 tax credit. A tax credit certificate is nontransferable.

16 5. The aggregate amount of electric or natural gas vehicle
17 facility tax credit certificates that may be issued pursuant
18 to this section shall not exceed five million dollars for all
19 tax years that the tax credit is available under this section.
20 The department shall issue the tax credit certificates on a
21 first-come, first-served basis to qualified applicants as
22 follows:

23 a. Two million dollars for electric vehicle facilities.

24 b. Two million dollars for natural gas vehicle facilities.

25 (1) Except as provided in subparagraph (2), a person is not
26 entitled to apply for tax credit certificates for all natural
27 gas vehicle facilities equal to more than two hundred thousand
28 dollars.

29 (2) A person is not entitled to apply for tax credit
30 certificates equal to more than four hundred thousand dollars
31 for all natural gas vehicle facilities that are part of a
32 business or businesses selling compressed natural gas on a
33 retail basis. A person is not eligible to apply for a tax
34 credit under both this subparagraph and subparagraph (1).

35 c. One million dollars for either electric vehicle

1 facilities as provided in paragraph "a" or natural gas vehicle
 2 facilities as provided in paragraph "b".

3 d. Of the aggregate amount of the tax credit unobligated
 4 or unexpended on July 1, 2017, for either electric vehicle
 5 facilities as provided in paragraph "a" or natural gas vehicle
 6 facilities as provided in paragraph "b". However, paragraph
 7 "b", subparagraph (2), is not applicable to natural gas vehicle
 8 facilities receiving a tax credit certificate under this
 9 paragraph "d".

10 6. An electric or natural gas vehicle facility is limited
 11 to infrastructure, equipment, or machinery used to store,
 12 dispense, dry, and meter electricity or compressed natural
 13 gas. For electricity, it may include charging equipment,
 14 infrastructure, or batteries. For compressed natural gas, it
 15 may include pipes, compressors, dryers, or vaporizers.

16 7. The amount of the electric or natural gas vehicle
 17 facility tax credit equals thirty percent of the total cost to
 18 the taxpayer of purchasing the infrastructure, equipment, or
 19 machinery and thirty percent of the total cost to the taxpayer
 20 of installing the infrastructure, equipment, or machinery.

21 8. The electric or natural gas vehicle facility must comply
 22 with any applicable federal and state standards and the latest
 23 applicable and available ASTM international specifications.

24 9. The electric or natural gas vehicle facility tax credit
 25 may be claimed by a person on an agricultural, commercial, or
 26 residential basis as follows:

27 a. A person may claim the tax credit on an agricultural
 28 basis if the electric or natural gas vehicle facility is
 29 located on land primarily used in the production of a crop as
 30 defined in section 202.1 or livestock as defined in section
 31 717.1. The electric or natural gas vehicle facility must be
 32 used by an agricultural producer as defined in section 15E.202
 33 or a person under the management of the agricultural producer.
 34 The tax credit must be taken in equal installments in three
 35 consecutive tax years, beginning with the tax year in which the

1 electric or natural gas vehicle facility is placed in service.
2 If any part of the electric or natural gas vehicle facility
3 is taken out of service and not immediately replaced and the
4 facility placed back in service, the tax credit expires and
5 the taxpayer cannot take any remaining installment of the tax
6 credit.

7 *b.* A person may claim the tax credit on a commercial basis
8 if the electric or natural gas vehicle facility is part of a
9 business selling electricity or compressed natural gas on a
10 retail basis, or may claim the tax credit if the electric or
11 natural gas vehicle facility is used by a business for its own
12 vehicle fleet or employees. The tax credit must be taken in
13 equal installments in three consecutive tax years, beginning
14 with the tax year in which the electric or natural gas vehicle
15 facility is placed in service. If any part of the electric
16 or natural gas vehicle facility is taken out of service and
17 not immediately replaced and the facility placed back in
18 service, the tax credit expires and the taxpayer cannot take
19 any remaining installment of the tax credit.

20 *c.* A person may claim the tax credit on a residential basis
21 only for an electric vehicle facility that is for personal,
22 family, or household use. The entire amount of the tax credit
23 must be claimed in the tax year in which the electric vehicle
24 facility is first placed in service.

25 10. Any tax credit in excess of the taxpayer's tax liability
26 shall be refunded. In lieu of claiming a refund, the taxpayer
27 may elect to have the overpayment shown on the taxpayer's
28 final, completed return credited to the tax liability for the
29 following tax year.

30 11. An individual may claim the tax credit allowed a
31 partnership, limited liability company, S corporation, estate,
32 or trust electing to have the income taxed directly to the
33 individual. The amount claimed by the individual shall be
34 based upon the pro rata share of the individual's earnings of
35 the partnership, limited liability company, S corporation,

1 estate, or trust.

2 12. A person shall not claim a tax credit under this section
3 for an electric or natural gas vehicle facility that was placed
4 in service on or after January 1, 2018. However, a person
5 claiming the tax credit on an agricultural or commercial basis
6 who placed the electric or natural gas vehicle facility in
7 service prior to January 1, 2018, may continue to claim the tax
8 credit for tax years ending on or after January 1, 2018, as
9 provided in subsection 9.

10 13. This section is repealed on January 1, 2023.

11 Sec. 3. Section 422.33, Code 2015, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 11. The taxes imposed under this division
14 shall be reduced by an electric or natural gas vehicle facility
15 tax credit for each tax year that the taxpayer is eligible to
16 claim the tax credit under this subsection.

17 a. The taxpayer must claim the tax credit on an agricultural
18 or commercial basis in the same manner as provided in section
19 422.11G. The taxpayer must claim the tax credit according
20 to the same requirements, for the same amount, and for the
21 same period as provided in section 422.11G. The amount of the
22 tax credit shall be calculated in the same manner as provided
23 in section 422.11G. A taxpayer claiming a tax credit on an
24 agricultural or commercial basis is subject to the same penalty
25 for taking the electric or natural gas vehicle facility out of
26 service as provided in section 422.11G.

27 b. This subsection is repealed on January 1, 2023.

28 Sec. 4. Section 422.35, Code 2015, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 15. a. A taxpayer taking a depreciation
31 allowance under section 168 of the Internal Revenue Code for
32 property described in section 422.33, subsection 11, is not
33 allowed to take the allowance for purposes of this division
34 to the extent that a tax credit is taken for the purchase and
35 installation of the property under section 422.33, subsection

1 11. If a credit is taken for the purchase and installation of
2 the property under section 422.33, subsection 11, the taxpayer
3 shall add the amount of the allowance taken on such property to
4 the extent of the amount of the credit.

5 *b.* A taxpayer taking an expensing allowance under section
6 179 of the Internal Revenue Code for property described in
7 section 422.33, subsection 11, is not allowed to take the
8 allowance for purposes of this division to the extent that a
9 tax credit is taken for the purchase and installation of such
10 property under section 422.33, subsection 11. If a credit
11 is taken for the purchase and installation of the property
12 under section 422.33, subsection 11, the taxpayer shall add the
13 amount of the allowance taken on such property to the extent of
14 the amount of the credit.

15 *c.* This subsection is repealed on January 1, 2023.

16 Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
17 immediate importance, takes effect upon enactment.

18 Sec. 6. RETROACTIVE APPLICABILITY. This Act applies
19 retroactively to January 1, 2015, for tax years beginning on
20 or after that date.

21 EXPLANATION

22 The inclusion of this explanation does not constitute agreement with
23 the explanation's substance by the members of the general assembly.

24 This bill creates an electric or natural gas vehicle
25 facility tax credit for persons who purchase and install an
26 electric vehicle facility or a natural gas vehicle facility.
27 The amount of the tax credit is 30 percent of the cost of
28 purchasing and 30 percent of the cost of installing the
29 facility. A person may claim the tax credit on an agricultural
30 (farmer), commercial (business), or residential (personal,
31 family, or household) basis. The bill provides that \$5 million
32 is dedicated for the issuance of tax credit certificates
33 which must be attached to a person's tax return in order to
34 claim the tax credit. A person claiming the tax credit on
35 an agricultural or commercial basis may claim the tax credit

1 for an electric or natural gas facility. The person must
2 claim one-third of the tax credit for each of three tax years
3 beginning in the tax year that the facility was placed in
4 service. A person claiming the tax credit on a residential
5 basis may claim the tax credit for only the electric vehicle
6 facility. The person must claim the tax credit in the tax year
7 in which the electric vehicle facility was placed in service.
8 Any tax credit in excess of the taxpayer's tax liability is
9 refundable or may be credited to the tax liability for the
10 following tax year.

11 The taxpayer must place the facility in service before
12 January 1, 2018, but those taxpayers claiming on an
13 agricultural or commercial basis may continue to claim the tax
14 credit after that date for purposes of meeting the requirement
15 that one-third of the credit be taken each year for three years
16 and the authorization to carry forward the excess for one year.

17 The aggregate amount of electric or natural gas vehicle
18 facility tax credit certificates that may be issued cannot
19 exceed \$5 million for all tax years that the tax credit is
20 available. Two million dollars is allocated to electric
21 vehicle facilities, \$2 million is allocated to natural gas
22 facilities, and \$1 million is allocated to either electric
23 vehicle facilities or natural gas vehicle facilities. As of
24 July 1, 2017, any remaining unobligated or unexpended moneys
25 are allocated to either type of facility.

26 The tax credit applies retroactively to tax years beginning
27 on and after January 1, 2015. The bill's provisions are
28 repealed on January 1, 2023. The bill takes effect upon
29 enactment.